

**New Jersey Turnpike Authority
Financial Summary
For the Nine Months Ended September 30, 2014**

ACTUAL REVENUE - January - September	\$ 1,221,492,000
ESTIMATED REVENUE - October - December	402,902,000
<i>Projected Annual Revenue</i>	\$ 1,624,394,000
 ESTIMATED ANNUAL OPERATING EXPENSES	 476,125,000
<i>Projected Net Revenue</i>	\$ 1,148,269,000
 DEBT SERVICE REQUIREMENTS	 613,724,000
CHARGES FUND	1,150,000
SPECIAL PROJECT RESERVE FUND	28,800,000
MAINTENANCE RESERVE FUND	74,814,000

The following un-audited results are for the nine months ended September 30, 2014.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2014, the Authority is projected to have a debt service coverage ratio of 1.87.

On May 1, 2014, CDM Smith, the Authority's Traffic Engineering Consultant, completed an investment grade traffic and revenue study. The study utilizes actual results through March 2014 and includes, among other variables, projections reflecting current economic forecasts. The May 1, 2014 study projects \$7 million lower toll revenue in 2014 as compared to the prior projections. The reduced 2014 projection is due to the harsh winter weather during the first quarter of the year. The lower projection is partially offset, however, by anticipated increased traffic and revenue from slightly improved economic forecasts as compared to the prior projections. Results for the nine months ended September 30, 2014 are now compared to the revised projections in the May 1, 2014 study.

The Authority's total revenue for the nine months ended September 30, 2014 was \$1,221,492,000, which was \$2,940,000 more than the current projections. Toll revenue was \$1,078,752,000, or 0.4, more than the current CDM Smith projections due to favorable weather conditions since April 2014 and declining gas prices since June 2014. Concession revenue is \$1,258,000, or 4.6% above projections primarily due to the higher gross profit margin on diesel fuel sales on the New Jersey Turnpike. Miscellaneous revenue also exceeded projections due to more than \$1 million of surplus land sales which were not projected. It must be noted that the revenue for the first nine months of 2014 is \$6,900,000 lower than that projected in the Authority's original approved 2014 budget.

For the nine months ended September 30, 2014, traffic on the New Jersey Turnpike increased 2.6% and toll revenue increased 1.8% from the same period in 2013. During the first three months of 2014, there were six major storms, five of which were declared to be States of Emergency in New Jersey. These six storms resulted in 1,980,000 fewer transactions and \$8,103,000 lower revenue when compared to the same days last year. When eliminating these six storms, traffic and revenue would have increased 3.8% and 3.0%, respectively. CDM Smith's revised forecast is for annual traffic and revenue growth in 2014 of 2.6% and 1.7%, respectively. The September 2014 *E-ZPass* usage rate on the New Jersey Turnpike was 81.1%, up from 80.4% in September 2013.

For the nine months ended September 30, 2014, toll transactions on the Garden State Parkway increased 0.2% and revenue decreased slightly by 0.1% when compared to the same period in 2013. Toll transactions and revenue were impacted by the more severe winter weather in January, February and March 2014 as compared to those same months in 2013. The six major storms resulted in 3,417,000 fewer toll transactions and \$3,395,000 in lower revenue when compared to the same days last year. When eliminating these six storms, toll transactions and revenue would have increased 1.4% and 1.1%, respectively. CDM Smith's revised 2014 forecast projects an increase in toll transactions of 0.4% and an increase in revenue of 0.5%. The September 2014 *E-ZPass* usage rate on the Garden State Parkway was 78.0%, increasing from 77.4% in September 2013.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

Operating expenses for the nine months ended September 30, 2014 were approximately \$347,526,000, which was 97.6% of the year-to-date budget. Operating expenses were negatively impacted by increased snow and utility costs. The higher than anticipated costs were partially offset by lower than projected toll violation processing costs. With three (3) months remaining in the year, the Authority has already spent its entire 2014 snow budget in its Operating and General Reserve Funds, which totaled \$16,380,000. In addition, through September 30, 2014, the Authority spent \$26,515,000 on snow removal costs, which were predominantly charged to the General Reserve Fund as Extraordinary Snow expenses. Thus, for the first nine months of 2014, the Authority has spent \$42,895,000 on snow removal. Discretionary spending and budgetary guidelines will be closely monitored and adhered to throughout the remainder of the year in order to control operating expenses.

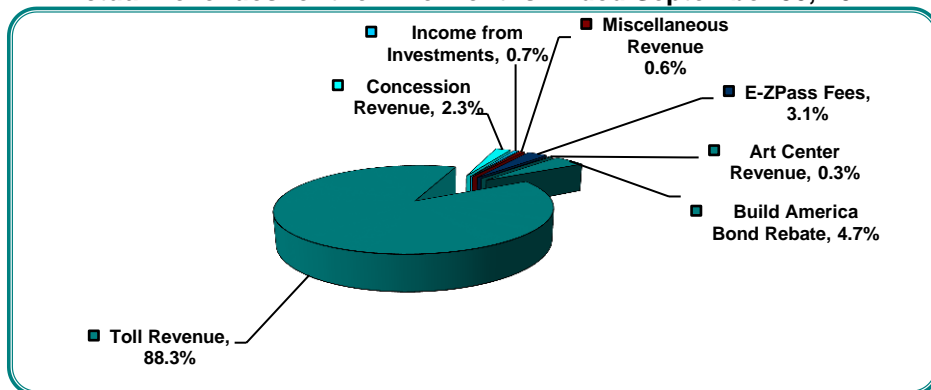
The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the nine months ended September 30, 2014, total expenditures were approximately \$63,659,000. Expenditures included \$13,888,000 for Turnpike Bridge Repairs, \$11,883,000 for Parkway Bridge Repairs and \$9,355,000 for Turnpike Resurfacing of milepost 74 to 122. In addition, expenditures from the General Reserve Fund totaled approximately \$299,971,000, including \$243,000,000 for the State Transportation Capital Plan, \$32,294,000 for Extraordinary Snow expenses, and \$16,500,000 for the Transportation Trust Fund.

Total expenditures in the Construction Fund for the nine months ended September 30, 2014 were approximately \$562,878,000. Expenses included \$166,091,000 for the Turnpike Interchanges 6 - 9 Widening Project, \$68,583,000 for the Parkway 83-100 Shoulder Improvement Project, \$54,127,000 for Authority Facilities Improvements and \$30,975,000 for the Great Egg Harbor Drag Channel Bridge Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,112,974,000.

Comparison of Projected Revenues to Actual Revenues For the Nine Months Ended September 30, 2014

	Revised Projections	Unaudited Actual
<i>Toll Revenue</i>	1,074,483,000	1,078,752,000
<i>Concession Revenue</i>	27,256,000	28,514,000
<i>Income from Investments</i>	11,101,000	8,375,000
<i>Miscellaneous Revenue</i>	7,495,000	8,270,000
<i>Build America Bond Subsidy</i>	56,839,000	56,839,000
<i>Arts Center Revenue</i>	3,117,000	3,117,000
<i>E-ZPass Fees</i>	38,262,000	37,625,000
<i>Total Revenues</i>	<u>1,218,553,000</u>	<u>1,221,492,000</u>

Actual Revenues for the Nine Months Ended September 30, 2014



For the nine months ended September 30, 2014, total revenue was \$1,221,492,000, which was 0.2%, or \$2,940,000 above the revised projections. The increase is based on projections which were revised downward by \$7 million based on the April 2014 CDM Smith Traffic and Revenue Study.

Toll revenue for the period was \$1,078,752,000 which was .4%, or \$4,269,000 higher than the revised projected amount. When compared to the original projections for 2014, toll revenue is approximately \$6,500,000 lower than originally projected.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$28,514,000, which was \$1,258,000, or 4.6% above projections. Although fuel sales declined 0.2% on the New Jersey Turnpike, revenue was higher than projected due to an increase in the gross profit margin on diesel fuel sales on the New Jersey Turnpike. The Authority receives 50% of the gross profit margin on all diesel fuel sold. New Jersey Turnpike food sales increased 8.6% and convenience store sales increased 4.0% compared to last year. On the Garden State Parkway, convenience store sales increased 7.8% due to the opening of new convenience stores at the Forked River, Monmouth, Cheesequake and Montvale Service Areas in July 2014. However, food sales and fuel sales declined 0.3% & 5.2%, respectively, primarily due to the November 2013 closing of the Oceanview Service Area in order to construct a new convenience store building and rehabilitate the fuel services underground storage tanks and equipment. The updated service plaza reopened on July 2, 2014.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$8,375,000, which was \$2,726,000 or 24.6% lower than projected. Investment yields are lower than projected as short term interest rates remain at or near historical lows. In addition, the reinvestment rate on maturing debt reserve investments was significantly lower due to current market conditions.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, and other items. Revenue for the period was \$8,270,000, which was \$775,000, or 10.3% higher than projected due to surplus land and property sales which were not projected.

The Build America Bond Subsidy is a direct payment from the U.S Treasury to the Authority equaling about 32.5% of the interest payable on the Series 2009F and the Series 2010A Bonds.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the nine months ended September 30, 2014, revenue received of \$3,117,000 was at budgeted levels.

E-ZPass fees consist of monthly membership fees, transponder sales; return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. Revenue of \$37,625,000 was \$637,000, or 1.7%, lower than projected. Lower than anticipated administrative fees collected from toll violators have been partially offset by higher membership and statement fees.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of September 2014 ⁽¹⁾

	<u>Traffic</u>		
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	17,177,000	16,369,000	4.9%
Commercial Vehicles	2,577,000	2,430,000	6.0%
Overall	<u>19,754,000</u>	<u>18,799,000</u>	<u>5.1%</u>

	<u>Revenue</u>		
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	58,330,000	55,976,000	4.2%
Commercial Vehicles	29,863,000	28,314,000	5.5%
Overall	<u>88,193,000</u>	<u>84,290,000</u>	<u>4.6%</u>

(1) Includes un-audited data for the month.

For the month of September 2014, traffic on the New Jersey Turnpike increased 5.1% and toll revenue increased 4.6% when compared to the same period in 2013. Passenger vehicle traffic increased 4.9%, commercial traffic increased 6.0%, and overall traffic increased 5.1%. Warmer than average temperatures, lower than average rainfall and declining gas prices positively impacted traffic and toll revenue. In addition, traffic and revenue benefitted from an additional weekday in September 2014 as compared to last year. Weekday traffic, especially commercial traffic, is generally higher than weekend traffic.

For the Nine Months Ended September 30, 2014 ⁽¹⁾

	<u>Traffic</u>		
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	150,385,000	146,413,000	2.7%
Commercial Vehicles	22,276,000	21,949,000	1.5%
Overall	<u>172,661,000</u>	<u>168,362,000</u>	<u>2.6%</u>

	<u>Revenue</u>		
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	517,193,000	506,204,000	2.2%
Commercial Vehicles	252,364,000	249,423,000	1.2%
Overall	<u>769,557,000</u>	<u>755,627,000</u>	<u>1.8%</u>

(1) Includes un-audited data for the month.

For the nine months ended September 30, 2014, traffic increased 2.6% and toll revenue increased 1.8% when compared to the first nine months of 2013. In the first three months of 2014, New Jersey was negatively impacted by six major winter storms, five of which were a declared State of Emergency. When excluding these storms, traffic and revenue would have increased 3.8% and 3.0%, respectively for the nine month period. Traffic and revenue have been positively impacted by gasoline prices that have declined since June 2014 and favorable weather over the last six months of 2014.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the nine months ended September 30, 2014, the *E-ZPass* usage rate for passenger cars was 79.9%, and for commercial vehicles was 88.9%. This resulted in an overall *E-ZPass* usage rate of 81.1%. The *E-ZPass* usage rate remains one of the highest in the region and amongst all agencies that accept *E-ZPass*.

**Garden State Parkway
Traffic & Revenue Comparison
For the Month of September 2014 ⁽¹⁾**

<u>Traffic</u>			
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	31,100,000	30,764,000	1.1%
Commercial Vehicles	442,000	428,000	3.3%
Overall	31,542,000	31,192,000	1.1%

<u>Revenue</u>			
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	33,784,000	33,359,000	1.3%
Commercial Vehicles	1,449,000	1,484,000	-2.4%
Overall	35,233,000	34,843,000	1.1%

(1) Includes un-audited data for the month.

For the month of September 2014, toll transactions on the Garden State Parkway increased by 1.1% and toll revenue increased by 1.1% when compared to September 2013. As with the New Jersey Turnpike, Garden State Parkway toll transactions and revenue were positively impacted by declining fuel costs and favorable weather conditions. Average gas prices for unleaded fuel declined by \$.13/gallon compared to August 2014 and by \$.17/gallon compared to September 2013.

For the Nine Months Ended September 30, 2014 ⁽¹⁾

<u>Toll Transactions</u>			
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	276,516,000	276,027,000	0.2%
Commercial Vehicles	3,834,000	3,882,000	-1.2%
Overall	280,350,000	279,909,000	0.2%

<u>Revenue</u>			
	<u>September-14</u>	<u>September-13</u>	<u>% Change</u>
Passenger Vehicles	297,559,000	296,049,000	0.5%
Commercial Vehicles	11,636,000	13,332,000	-12.7%
YTD Toll Revenue	309,195,000	309,381,000	-0.1%

(1) Includes un-audited data for the month.

For the nine months ended September 30, 2014, toll transactions on the Garden State Parkway were up 0.2% and toll revenue was down 0.1% when compared to the same period in 2013. Toll transactions and revenue were negatively impacted by the severe winter weather in the first quarter of 2014. In fact, the winter storms in 2014 impacted the Garden State Parkway results more significantly than the New Jersey Turnpike because several of the storms hit the southern coastal areas more severely than other parts of the state. Without the six major storms, toll transactions and revenue would have increased 1.4% and 1.1%, respectively. Since the first quarter of 2014, results have been positively impacted by favorable weather and declining gas prices.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the nine months ended September 30, 2014, the total *E-ZPass* usage rate was 78.0% up from 77.4% in the same period in 2013. The *E-ZPass* usage rate for passenger cars was 77.8%, and for commercial vehicles was 87.9%.

Operating Expenses

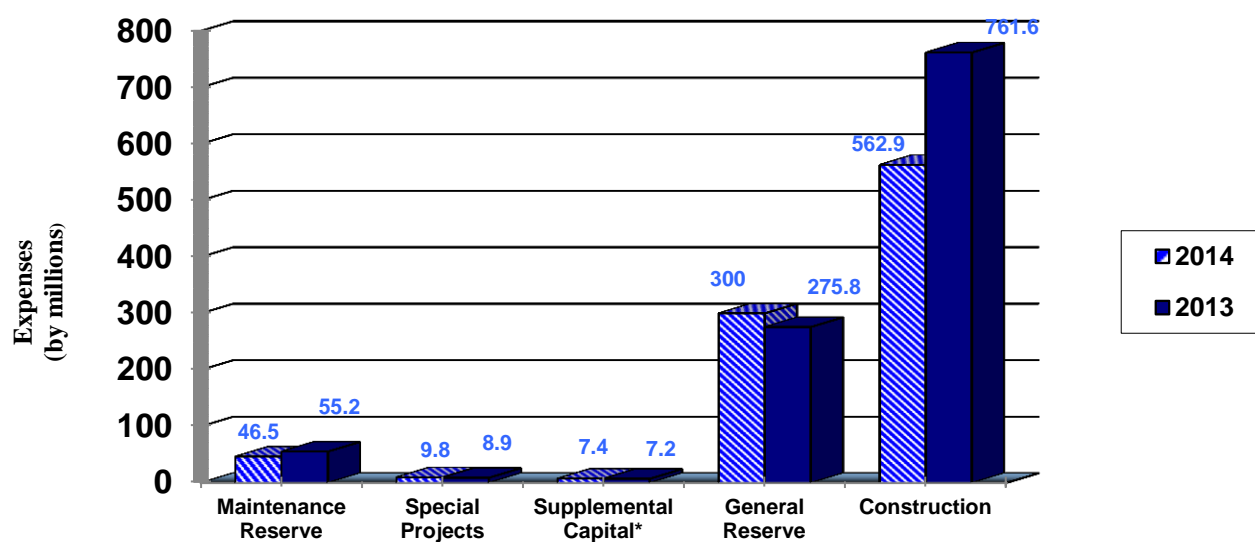
For the Nine Months Ended September 30, 2014

	<u>Annual Budget</u>	<u>Expended</u>
Executive Office	\$ 701,000	\$ 515,000
Law	1,268,000	778,000
Procurement & Materials Management	4,147,000	3,037,000
Human Resources & Office Services	3,352,000	2,426,000
Finance	5,714,000	4,061,000
Intergrated Technology Services	17,489,000	13,649,000
Maintenance	79,285,000	59,875,000
Tolls	42,798,000	31,810,000
Operations	6,409,000	4,539,000
Patron & Customer Services	1,130,000	841,000
Automotive Services	1,875,000	1,431,000
Engineering	2,007,000	1,411,000
Internal Audit	1,637,000	1,201,000
Non Departmental	22,368,000	13,662,000
Environmental	4,099,000	3,074,000
Utilities	16,892,000	13,374,000
Snow	9,880,000	10,601,000
State Police	63,434,000	45,942,000
Pension & Retirement	27,567,000	19,397,000
Health Benefits	75,811,000	53,717,000
ETC Operating	<u>88,262,000</u>	<u>62,185,000</u>
Total Operating Budget	<u><u>\$ 476,125,000</u></u>	<u><u>\$ 347,526,000</u></u>

Operating expenses are 97.6% of the year to date budget. Greater than expected snow removal costs incurred as a result of the more severe winter weather in 2014 have been partially mitigated by lower than projected violation processing costs and the control of discretionary expenses. Snow expenses charged to the operating budget have exceeded the annual budgeted amounts as of the third quarter of 2014.

Capital Budget and Construction Fund Expenditures For the Nine Months Ended September 30, 2014

	<u>2014</u>	<u>2013</u>
Maintenance Reserve	\$ 46,464,000	\$ 55,184,000
Special Projects	9,782,000	8,876,000
Supplemental Capital	7,413,000	7,250,000
General Reserve	299,971,000	275,848,000
Capital Budget Total	<u>\$ 363,630,000</u>	<u>\$ 347,158,000</u>
Construction Fund	<u>\$ 562,878,000</u>	<u>\$ 761,631,000</u>
Construction Fund & Capital Budget Total	<u>\$ 926,508,000</u>	<u>\$ 1,108,789,000</u>



Capital Budget projects are classified as Maintenance Reserve, Special Project Reserve and Supplemental Capital. These projects are funded from current or accumulated revenues. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements, major technology projects, whereas the General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the nine months ended September 30, 2014, total expenditures were approximately \$63,659,000. Expenditures included \$13,888,000 for Turnpike Bridge Repairs, \$11,883,000 for Parkway Bridge Repairs, \$9,355,000 for Turnpike Resurfacing, \$7,026,000 for Parkway Resurfacing, \$3,891,000 for Bridge Inspections and \$1,876,000 for the ETC/TAS Consolidation Project. In addition to the Capital Budget, expenditures from the General Reserve Fund totaled approximately \$299,971,000 and include \$243,000,000 for the State Transportation Capital Plan, \$32,294,000 for Extraordinary Snow expenses, and \$16,500,000 for the Transportation Trust Fund, and \$6,001,000 for Feeder Road Maintenance Reimbursement Agreement payments.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the nine months ended September 30, 2014 were approximately \$562,878,000. Expenses included \$166,091,000 for the Turnpike Interchanges 6 - 9 Widening Project, \$68,583,000 for the Parkway 83-100 Shoulder Improvement Project, \$54,127,000 for Authority Facilities Improvements and \$30,975,000 for the Great Egg Harbor/Drag Channel Bridge Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,112,974,000. The Turnpike 6 - 9 Widening Project is nearing completion as the focus is shifting to resurfacing the existing roadway in anticipation of opening all lanes to traffic in November 2014.